

LINKAGE

The 2005 Linkage
**Excellence in Management &
Leadership Series**

Authentic Leadership

Participant Guide



Featuring Bill George, former CEO, Medtronic, Inc.

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INCORPORATED

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Dear Participant:

Welcome to the Linkage broadcast, *Authentic Leadership*. This is the first of ten broadcasts in Linkage's 2005 Excellence in Management & Leadership Series and features Bill George, former CEO of Medtronic, Inc. and author of the best-selling book, Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value.

In this presentation, he draws from his rich experiences – as well as from those of leaders he admires and disdains – to illustrate his five dimensions of authentic leaders:

- Understanding why you want to lead
- Practicing solid values
- Leading with a heart
- Establishing connected relationships
- Showing self-discipline

In this 90-minute presentation, you will learn:

- How to become an authentic leader, developing your unique leadership style and understanding your purpose.
- How to build an authentic company, adhering to the mission and vision of the company while getting results for stakeholders.
- In the crucible of the market, how to effectively compete and establish leadership.

These participant materials have been designed to complement your participation in this broadcast with Mr. George. Use the materials **before** the broadcast to learn more about Mr. George, his background, and his leadership philosophy.

Mr. George will present for the first 60 minutes of the broadcast and then respond to your questions for the remaining 30 minutes. Use the materials **during** the broadcast to record your notes, ideas, questions, and insights. Throughout the broadcast, you can submit questions directly to Mr. George via fax, telephone, and/or email. Your submission of questions is critical to the success of the program.

Most importantly, use the materials **after** the broadcast to help you implement the principles and techniques as you lead your organization. Use the materials as your ongoing source of renewal, energy, and direction.

About Linkage

Linkage, Inc. is a global organizational development company that specializes in leadership development. Serving the public and private sectors, the Company provides clients around the globe with integrated solutions that include strategic consulting services, customized on-site training experiences, tailored assessment services, and benchmark research.

With a relentless commitment to learning, Linkage also offers a full range of conferences, institutes, summits, public workshops, and distance learning programs on leading-edge topics in leadership, management, HR, and OD. More than 100,000 leaders and managers have attended such a Linkage program since the Company's founding in 1988.

Linkage is headquartered in Burlington, Massachusetts, with regional offices in Minneapolis, Atlanta, San Francisco, London, and Brussels. On two occasions, Linkage has been named to the Inc. 500, a list of the fastest-growing private companies in the United States.

Upcoming Events

Linkage's broadcasts represent the best in leadership and management thinking, providing you with:

- Idea-generating presentations from well-known and inspirational leaders
- A convenient, on-site option for educating your leaders and managers
- An innovative vehicle to deliver and drive the learning

Please join us for these upcoming programs. These broadcasts are offered live, by Linkage, on the following dates and times. Please check with the individual responsible for the broadcasts within your organization for any internal changes to the schedule.

- March 30, 2005 (11:00am – 12:30pm EST/5:00pm – 6:30pm GMT)
Developing Your Leadership Bench Strength
Rick Belluzzo and Jay Conger

What could be more important to your organization than the investment into its future leaders? Organizations that continuously and deliberately develop leaders will be at the forefront of their industry. Rick Belluzzo and Dr. Jay Conger will share simple techniques and successful strategies in order to develop a strong leadership bench.

- April 27, 2005 (11:00am – 12:30pm EST/5:00pm – 6:30pm GMT)
Everybody Wins: Proven and Repeatable Guidelines to Create Unprecedented Growth
Phil Harkins and Dave Liniger

Moving forward in turbulent times separates the good from the great. This broadcast uses both grounded research and real experience to demonstrate how organizations can pull ahead.

- May 18, 2005 (11:00am – 12:30pm EST/5:00pm – 6:30pm GMT)
Emotionally Intelligent Leadership - Bottom Line Results
Daniel Goleman

In this broadcast, Dan Goleman legitimizes the importance of being an emotionally intelligent leader with empirical data and research.

- June 14, 2005 (11:00am – 1:00pm EST/5:00pm – 7:00pm GMT)
Coaching to Win: Developing People and Teams Who Excel
Mike Krzyzewski and Catherine McCarthy

In this special two-hour program, two widely recognized experts in the field of coaching, from dramatically different backgrounds, share their perspective, insights, and practical ideas.

Check Linkage's website (<http://www.linkage-inc.com>) for additional programming, details, and dates.

TABLE OF CONTENTS

About Linkage.....	2
Upcoming Events.....	2
TABLE OF CONTENTS	4
SECTION 1: PROGRAM MATERIALS	
Introduction and Basic Premise	6
Question-and-Answer Session	7
When the Session Has Concluded	7
Pre-Broadcast Reading: Reputation, Trust, and Confidence	8
Pre-Broadcast Reading: Looking Back.....	11
During The Program	14
Notes.....	15
Post-Broadcast Activities	20
Materials Written By or About Bill George	28
SECTION 2: PRESENTATION OVERHEADS AND FORMS	
Presentation Overheads	30
Question Sheet	59
Evaluation Form.....	60

SECTION 1

PROGRAM MATERIALS

authentic
adj.

1 that can be believed or accepted; trustworthy; reliable [an authentic news report]

2 that is in fact as represented; genuine; real [an authentic antique]

3 legally attested or executed, as a deed, affidavit, etc.

4 true to its type; conforming to an original in style, methods, etc. [authentic Japanese cooking]

5 authoritative

Webster's
New World Dictionary

Introduction and Basic Premise

We need authentic leaders, people of the highest integrity, committed to building enduring organizations. We need leaders who have a deep sense of purpose and are true to their core values. We need leaders with the courage to build their companies to meet the needs of all their stakeholders, and who recognize the importance of their service to society.

Bill George

Bill George begins his book, Authentic Leadership, by thanking Enron and Arthur Anderson for “the depth of your misconduct” which “shocked the world and awakened us to the reality that the business world was on the wrong track, worshipping the wrong idols, and headed for self-destruction.”

We – as companies and leaders – have become transfixed on shareholder value and short-term gains. Persistent niggling from Wall Street analysts, shareholder demands for quick gains, and outrageous performance bonuses further intensify the pressure on business leaders to show more results even more quickly. Is it any wonder that CEOs find themselves searching for any means possible – even illegal means – to achieve increasingly impossible short-term expectations? Enron, WorldCom, Tyco, and other highly public scandals are the inevitable result of leadership careening blindly down the wrong road.

Mr. George is not like others who denounce the myopic behavior of many at the helm of corporations today. Bill George is no on-looker, heckling from the stands. George is a player, a CEO and executive for over 30 years. He speaks from firsthand knowledge and experience. While he admonishes us to choose a better path, he guides us with real world examples and personal experience. When Mr. George joined Medtronic in 1989 as president and COO, the firm employed 4,500, and revenues were less than \$750 million. In short order, he became CEO and chairman. When he retired at age 59 in 2001, the company employed 28,000 and revenues exceeded \$6.7 billion.

Mr. George believes that leadership is all about substance, not style. Authentic leaders create a powerful vision of their company and customers; employees are driven by the mission because they see their leaders driven by the mission. Authentic leaders focus not on shareholder value, but on **customer** value. Second to customer focus, authentic leaders attend to employees since it is through them that customers are serviced. Authentic leaders are transparent and make business decisions that affect the long-term health of the company.

The result of authentic leadership is service to the customer, contribution to society, and meeting the needs of the company’s employees. A by-product of authentic leadership is growth – sustained growth, as illustrated by Medtronic’s steady increase in market capitalization from \$1.1 billion to \$60 billion – averaging 35% per year – under Bill George’s 12-year stint at the helm.

Question-and-Answer Session

Mr. George will dedicate the last 30 minutes of his live broadcast to answer your questions. Complete the Question Form found on the next to last page of this participant guide and:

- If you are participating in the live presentation of this program, fax, e-mail, or call in your questions using the instructions on the Question Form. Your seminar coordinator may collect your questions and send them in collectively.
- If you are participating in a recorded presentation of this program, share your questions with your seminar coordinator to be used during your post-broadcast activities.

When the Session Has Concluded

- Your feedback is valuable in ensuring the integrity of future programs. We take pride in providing relevant, thought-provoking and enlightening programs – and we rely on you to help make this happen. Please complete the program evaluation form on the last page of this guide or online at: http://www.linkageinc.com/dis/satellite_evals.shtml.
- To further reinforce your understanding of today's information, as well as hone other aspects of your leadership skills, complete the recommended post-broadcast activities that begin on page 20 of this participant guide.

The highest compact we can make with our fellow is, - "Let there be truth between us two forever more."

Ralph Waldo Emerson

Reputation is only a candle, of wavering and uncertain flame, and easily blown out, but it is the light by which the world looks for and finds merit.

James Russell Lowell

Pre-Broadcast Reading: Reputation, Trust, and Confidence

A business transaction is a function of reputation, trust, and confidence. Consumers select products and services offered by companies with a solid reputation, who earned consumer trust through sustained integrity, and who inspire confidence.

How are we – as companies and as leaders of companies – doing when it comes to reputation, trust, and confidence? Following are three surveys, each speaking to a different element but all saying the same thing: We can do better. We MUST do better!

Corporate Reputation

In 2002, Harris Interactive conducted its fourth annual poll of corporate reputation measuring corporate sincerity, corporate citizenship, and ethical standards. What follows is a snapshot of the results with the top ten and bottom five companies listed. In addition to listing the 2002 rank and 2001 rank (if applicable), the table lists the Reputation Quotient (RQ), a number calculated on respondents' responses to various questions about their perceptions of the company's sincerity, citizenship, and ethics.

2002 Rank	2001 Rank	Company	2002 RQ
1	1	Johnson & Johnson	82.14
2	NA	Harley Davidson	80.68
3	3	Coca-Cola	78.95
4	15	United Parcel Service (UPS)	78.72
5	NA	General Mills	78.61
6	9	Maytag	78.50
7	NA	Eastman Kodak	78.46
8	19	Home Depot	78.24
9	13	Dell	78.18
10	5	3M	77.90
56	NA	Adelphia	41.59
57	NA	Anderson Worldwide	40.10
58	58	WorldCom	37.03
59	NA	Global Crossing	33.37
60	NA	Enron	26.22

Johnson & Johnson maintained its first-place ranking for a consecutive fourth year with an RQ of 82.14. J&J is now the only company measured in the Annual RQ that has achieved an RQ exceeding 80 points each year. At the other end of the spectrum, Enron also set a record – for the lowest RQ ever recorded, at 26.22 in the 2002 survey.

According to the Harris Interactive website:

The majority of people perceived a year of reputation decline; nearly half (48%) said that the reputation of corporate America has declined “a lot” in the past year and another 31% said it has declined “a little.” Only 14% saw stability, and even less than that (7%) reported seeing any improvement. When asked to characterize the reputation of corporate America today, less than one percent (1%) said “it’s great” and only one in five (19%) said, “It’s good.”

(<http://www.harrisinteractive.com/news/allnewsbydate.asp?NewsID=582>)

Leadership Honesty and Ethics

In his book, Bill George cites a 2002 Time/CNN poll in which 71 percent of those polled felt that “the typical CEO is less honest and ethical than the average person. Seventy-two percent of the respondents believed that the moral and ethical standards of CEOs of major corporations were “fair” or “poor”.

Unfortunately, this is NOT a new phenomenon.

According to a 2001 Harris Poll, when Americans are asked whether or not they would generally trust a list of people in different professions, the largest numbers say they generally trust clergymen or priests (90%), teachers (88%), doctors (84%), and police officers (78%). Professors (77%), scientists (76%), judges (75%) and the ordinary man or woman (74%) follow closely.

At the other end of the trust spectrum, far fewer people generally trust what is said by trade union leaders (37%), members of Congress (42%), and business leaders (43%). In 1988, a similar survey showed that 49% of business leaders were trusted by those polled.

*Trust is the lubrication
that makes it possible
for organizations to
work.*

Dr. Warren Bennis

*Our system of
capitalism is built on
trust – trust that
corporate leaders and
boards of directors will
be good stewards of
their resources....*

Bill George

Those with a great deal of confidence in people running major corporations:

1971	27%
1972	27%
1973	29%
1974	21%
1975	19%
1976	16%
1977	20%
1978	22%
1979	18%
1980	16%
1981	16%
1982	18%
1983	18%
1984	19%
1985	17%
1986	16%
1987	21%
1988	19%
1989	16%
1990	14%
1991	15%
1992	11%
1993	16%
1994	19%
1995	21%
1996	21%
1997	18%
1998	21%
1999	23%
2000	28%
2001	20%
2002	16%
2003	13%

Harris Interactive

Confidence in Corporate Leaders

Every year since 1971 Harris Poll measures the levels of public confidence in the leaders of 14 institutions. In 2003, the results are as follows:

Institution		Great Deal	Only Some	Hardly Any	Not Sure/Refused
The military	%	62	29	6	3
The White House	%	40	40	16	5
The U.S. Supreme Court	%	34	48	13	4
Major educational institutions such as colleges and universities	%	31	54	13	3
Medicine	%	31	44	22	4
The executive branch of the federal government	%	26	54	14	6
Television news	%	21	53	24	2
Congress	%	20	61	15	4
Organized religion	%	19	48	27	6
The press	%	15	52	31	2
Organized labor	%	14	50	28	8
Major companies	%	13	51	31	5
Wall Street	%	12	50	31	8
Law firms	%	12	50	34	5

As you can see from the table, leaders of the military continue to enjoy a far higher level of confidence than those of any other institutions. Fully 62% of the public say they have a great deal of confidence in them; this is down from 71% last year but far ahead of the other institutions at the top of the list – the White House (40%), the U.S. Supreme Court (34%) and major educational institutions (31%).

At the bottom of the list, those who have the lowest levels of confidence are the leaders of law firms (12%), Wall Street (12%), major companies (13%), and organized labor (14%). It is apparent that the corporate and accounting scandals have done some damage.

In the gray column to the left you will see the numbers reflecting public confidence in corporate leadership since 1971 through 2003. While never high, we have – according to the numbers – recently sunk to a new low:

2003's confidence rating is the second lowest in the 37 years that Harris has been conducting this poll.

What we as business leaders are doing – by focusing on short-term shareholder value at all cost – is clearly eroding the confidence of the public.

It is time that we as leaders run businesses as authentic leaders.

Pre-Broadcast Reading: Looking Back

Our life as business leaders is defined day by day. Each day takes us closer to our goal – or further away from it. Only in retrospect will we be able to measure our success – to read what history has written about us.

In his book, *Authentic Leadership*, Mr. George poignantly shares with us his last day as CEO of Medtronic, Inc. The following notes capture the essence – the *raison d'être* – of authentic leadership.

The Final Day as CEO

As I am driving to work, I'm feeling both excited and sad, all rolled up into one. On the surface, I am looking forward to handing the reins over to Art [Collins, Bill George's successor] and to moving to the next stage of my life. I'm feeling very good about what we've accomplished in twelve years. The mental checklist of all those we serve feels solid: patients, customers, employees, shareholders, and our communities. I have been getting positive feedback about their satisfaction with Medtronic and appreciation for the impact we have had on their lives.

Whatever battles we have fought, whatever sacrifices we have made, whatever energy we have expended, it has all been worth it - and more! There is nothing more satisfying in life than a group of people giving their very best toward a common goal and then exceeding it. At this point you want to stop and say, "We did it!" before moving on to the next challenge, but you know the next several challenges are looming in front of you.

Just underneath these very positive feelings is a deep sadness. This is, after all, my last day at Medtronic. The last time to walk in and greet everyone along the way. The last time to stop a marketer, regulator, or engineer to see how his or her project is going. The last day to be settled into that cozy office I have called home for the last twelve years. The last day to work with Bev, my exceptional executive assistant for more than eighteen years.

Deep down, I know I will never pass this way again. I fight back tears, tears of joy and of sadness. The dream I dreamed when I was only a boy has been fulfilled. It was far better than I ever imagined it would be. But now it is time to move on, time to pass the gavel to Art, time to go out into that great world of unknowing. Certainly not time to retire, just to move into the next phase, whatever it may be.

The morning begins with Executive Committee and a report of revenues for FY2001, which ended the previous Friday. We finish early, as the agenda is light. I go back to my office to sort through the files. A steady stream of people knocks on the open door and comes in to say goodbye. Late in the afternoon my long-time assistant Bev comes into my office in tears. She too is leaving and it is very hard for both of us to say goodbye. What greater gift could anyone give than loyalty and total commitment? You cannot ask for it, but you can certainly appreciate it.

There is nothing more satisfying in life than a group of people giving their very best toward a common goal and then exceeding it.

Bill George

The mental checklist of all those we serve feels solid:

- patients
- customers
- employees
- shareholders
- our communities

Bill George

The Medtronic mission transcends the everyday struggles, the battles for market share, the vicissitudes of the stock market, the regular changes in the executive ranks. Its light beams on the company's employees like the North Star, providing a constant reference point against which each of us can calibrate our internal compass.

Bill George

Tonight we are combining my going-away event with the dedication of Medtronic's World Headquarters, our new campus, of which I am very proud. At 5:30 P.M. I go down to the main entrance to greet my family. We take pictures in front of new "Rising Person" sculpture (symbol of the Medtronic mission) that stands at the entrance as the guests arrive. Soon it is a mob scene as I can barely say hello to all the people who have come from all over the country to be at this event. Over 450 in all. Everyone is overwhelmed with the beauty of the headquarters, the setting and the general ambiance.

We begin by dedicating the building. Dinner passes all too quickly as Penny and I circulate through the forty-five tables to thank everyone for coming. As dessert is served, it is time for the last act. I get up to make my final speech as CEO.

"If one thing stands out in my twelve years with Medtronic, it is the Medtronic mission. The growth of the company, its spectacular rise in shareholder value, the acquisitions and mergers, the rapid new product development – all of these pale by comparison. The Medtronic mission transcends the everyday struggles, the battles for market share, the vicissitudes of the stock market, the regular changes in the executive ranks. Its light beams on the company's employees like the North Star, providing a constant reference point against which each of us can calibrate our internal compass.

"I did not create the mission. I did not even modify it. The most I can say is that I recognized its power and helped translate it every day to our customers, our employees and our shareholders. In short, I made the Medtronic mission the centerpiece of my years with the company.

"There is a point in time in the career of every Medtronic employee when the mission becomes real to you. Not just a piece of paper or a noble set of words. It becomes real in the form of a human being standing in front of you, restored to a fuller life because of Medtronic and our therapies. That happened to me at my first Holiday Party in 1989, when I met a young man who was eighteen years old and had suffered from cerebral palsy since birth. His name was T.J. Flack. Over the years T.J., his courage and his inspiration have had more influence on my work at Medtronic than any other single person.

"T.J. is now twenty-nine years old. He has graduated from both high school and college. He is employed full time as a financial consultant by PNC bank in Pittsburgh. Before he got the pump T.J. had sixteen surgeries to relieve his spasticity and rigidity. In the past twelve years he has had none. He is on his second pump. The first lasted over ten years. He is on no other medication, just the constant infusion of interthecal baclofen.

"Over the past twelve years Medtronic has restored fifteen million people to fuller lives and renewed health. As powerful as that statistic is, it is not as meaningful as this one life. T.J., as my special guest, please come up and tell your story."

T.J. wheels to the podium, puts on his arm braces, and walks up the three steps to the microphone. He tells the story of his miraculous recovery and his restoration to a full life in a clear, bold voice. As he walks down the stairs, four hundred and fifty people rise as one to give this courageous young man a standing ovation, more heartfelt and more deserving than that given to any CEO. As my son Jeff assists T.J. down the stairs, he says, "T.J., look out there. They are all standing and applauding for you." There are not many dry eyes in the huge conservatory.

Even the most analytical among us now understands what Medtronic is all about. No more words are needed.

The rest of the evening passes all too quickly: I introduce Art as my successor, noting that he is the one person who can lead Medtronic to the next level of excellence. In turn, he and Glen announce that the Conservatory of the Medtronic World Headquarters is being dedicated to me and that Governor Jesse Ventura has declared April 30, 2001, as “Bill George Day” in Minnesota. They unveil the magnificent sculpture of “The Healer” by Joe Beeler in front of the new auditorium, seen through the glass screen with the Medtronic mission imprinted on it.

It is over. As Penny and I leave Medtronic for the last time as CEO, one thought remains paramount in my mind: the Medtronic mission and the millions of patients like T.J. for whom Medtronic helped create miracles.

Reprinted from Authentic Leadership (pp 192-195) with permission from the author.

During The Program

- Participate!
- Submit questions to be addressed by Mr. George during his broadcast. He will speak for the first hour and then respond to questions for the next 30 minutes, so again, your submission of questions is critical to the success of the program. To submit questions, complete the Question Sheet (found on the next to last page of this guide), submit an e-mail, or call in when prompted during the program.
- Mr. George asks that you engage in the questions and answers. If you wish, use the following pages to take notes on points important to you.
- Mr. George has graciously provided many of the overheads that he will be using in the presentation. These overheads are found in Section 2. You may wish to use these overheads as you apply the concepts on the job.

Bill George

Bill George

[illegible]

We do not need executives running corporations into the ground in search of personal gain. We do not need celebrities to lead our companies. We do not need more laws.

We need new leadership.

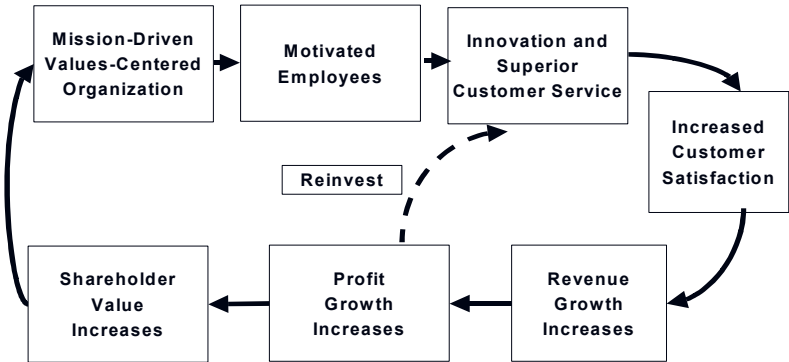
Bill George

Authentic leaders genuinely desire to serve others through their leadership. They are more interested in empowering the people they lead to make a difference than they are in power, money, or prestige for themselves. They are as guided by qualities of the heart, by passion and compassion, as they are by the qualities of the mind.

Bill George

More notes

Sustaining Growth and Performance



Bill George

Bill George

[illegible]

Bill George

Bill George

More notes

[illegible]

Dimensions of Authentic Leadership

+ Understanding Your Purpose

+Practicing Solid Values

+Leading with Heart

+Establishing Connected Relationships

+Self-Discipline in
Getting Results

= Being Authentic

Bill George

We declared that there was no longer such a thing as an internal customer. The only customers we would acknowledge were the patients, physicians, and hospitals we served.

Bill George

More notes

[illegible]

Being an Authentic Leader

- Pursue your mission and practice your values
- Lead with passion, compassion and courage
- Inspire others through your commitment to customers and growth
- Be engaged in the business, building relationships throughout the organization
- Have the self-discipline to realize performance
- Leave a legacy for others to emulate

Being an Authentic Leader

- Pursue your mission and practice your values
- Lead with passion, compassion and courage
- Inspire others through your commitment to customers and growth
- Be engaged in the business, building relationships throughout the organization
- Have the self-discipline to realize performance
- Leave a legacy for others to emulate

Bill George

Post-Broadcast Activities

Complete and submit the program evaluation form found on the last page of this guide or online at: http://www.linkageinc.com/disl/satellite_evals.shtml.

Activity 1: Self-Reflection and Discussion

- What in Mr. George’s broadcast struck a special chord with you? Why?
- What two authentic leadership behaviors would improve your authentic leadership capabilities if you incorporated them into your approach? See the gray box to the left for the list of behaviors. (Consider this question when completing the Action Planning activity.)

Leadership Behavior	Impact on Your Company or Team If Incorporated In Your Approach
1. _____	_____
_____	_____
_____	_____
_____	_____
_____	_____
2. _____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

I did not create the [Medtronic] mission. I did not even modify it. The most I can say is that I recognized its power and helped translate it every day to our customers, our employees, and our shareholders. In short, I made the Medtronic mission the centerpiece of my years with the company.

Bill George

2). Does your mission inspire? Does it motivate? Does it focus? Medtronic uses a variety of techniques to help make their mission come alive including:

- Mission and Medallion Ceremony
- Annual Holiday Party
- Maximize Value to Patients
- Customer-focused Quality Days



How do YOU make YOUR mission come alive?

What two additional ways could you help make your mission come alive?

One person with passion unleashed can accomplish more than 99 people with mere enthusiasm enabled.

Entelechy, Inc.

3) Having mission-inspired employees requires constant communication and reinforcement. How are you communicating your mission? Do YOUR employees see how the work they do helps support the mission?

Bill George's Methods for Communicating the Mission to Employees

- Passion and inspiration
- Personal contact: "power of one"
- Site visits and local meetings
- Chairman's briefing
- E-mails
- Common cafeteria
- "Hot line"

For more information on Medtronic's mission and medallion, visit: http://www.medtronic.com/corporate/mission_medallion.html.

To find your purpose, you must first understand yourself, your passions, and your underlying motivations.

Bill George

The values of the authentic leader are shaped by personal beliefs, developed through study, introspection, and consultation with others.

Bill George

Today's employees demand more personal relationships with their leaders before they will give themselves fully to their jobs. They insist on having access to their leaders, knowing that it is in the openness and the depth of the relationship with the leader that trust and commitment are built.

Bill George

Activity 3: Bill George – Your Personal Executive Consultant!

Imagine that you had access to Bill George to serve as a leadership consultant for you for a week. What changes might Mr. George suggest? Think in terms of how authentic leaders achieve performance through people:

Gaining alignment with mission _____

Building the executive team _____

Recruiting top talent – and using it! _____

Career development _____

Becoming an authentic leader involves many years of hard work, some pain and suffering, and the wisdom that comes from experiencing life at its fullest. It is only in the labyrinth and crucible of life that we develop into authentic leaders.

Bill George

Measuring and rewarding performance _____

Taking risks and rewarding mavericks _____

Planning succession and moving on _____

****Put an asterisk next to the top TWO ideas that you will be able to ****
****implement in your department or organization.****

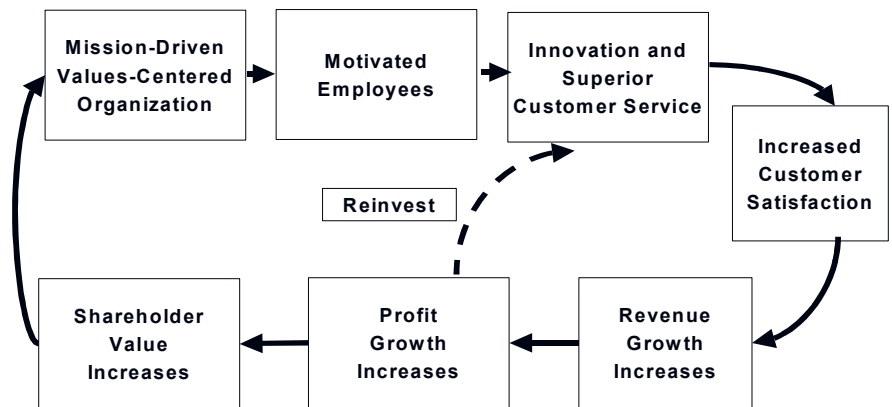
Use the Action Planning activity to create next steps.

Activity 4: Building an Authentic Company or Department

The following comes from page 65 in Authentic Leadership:

The authentic way to increase shareholder value is with a mission that inspires employees to create innovative products and provide superior

service to customers. Product innovations and superior service translate into increased market share and expanded market opportunities, creating growth in revenues and the ability to sustain price levels. This is the basis for sustained competitive advantage, increased levels of profitability, and higher profit margins. Consistent profit growth forms the basis for sustained increases in shareholder value. This is why the stock market in the past decade has valued companies like Wal-Mart, Microsoft, Intel, General Electric, and Pfizer so highly.



Consider the above value cycle where a mission driven, values-centered organization results in motivated employees who innovate and provide superior customer service. The result is increased customer satisfaction (and increased market share), revenue growth, and – with sound financial management – increased profits and shareholder value.

Complete the graph on the next page, answering the following questions by comparing current measures with last year's measures:

- 1) Has employee satisfaction improved, worsened, or stayed the same?
- 2) Has innovation – or R&D investment – increased, decreased, or stayed the same?
- 3) Has customer service improved, worsened, or stayed the same? How do you know?
- 4) Has market share – or customer satisfaction if market share isn't a measure – increased, decreased, or stayed the same?
- 5) Has revenue increased, decreased, or stayed the same?
- 6) Have profits increased, decreased, or stayed the same?

The leader's job is to provide an empowering environment that enables employees to serve their customers and provides them the training, education, and support they need. If leaders treat their employees well, employees will treat customers well. It's as simple as that.

Bill George

The real test of an authentic company is whether it can sustain its growth for an extended period of time without falling prey to short-term pressures or temptations to cut corners.

Bill George

Authentic leaders know how to deploy their organizations to achieve marketplace leadership and sustain their success for the long term.

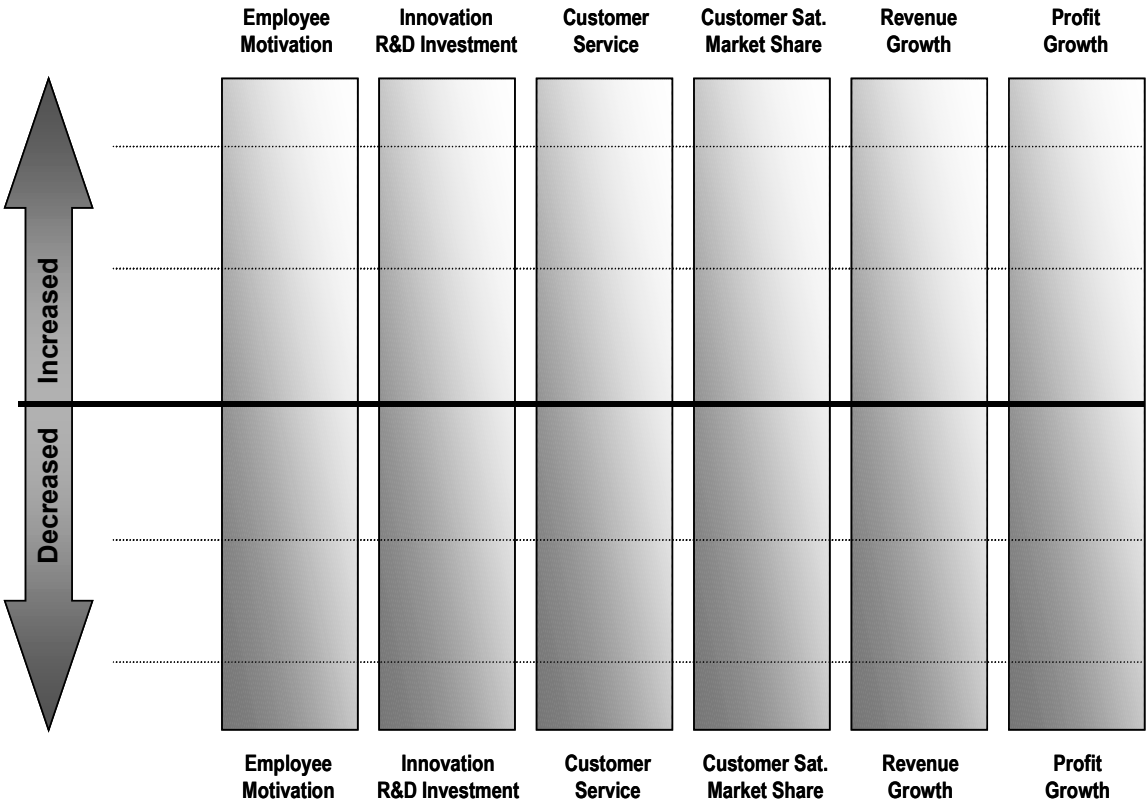
Bill George

**Seven Deadly Sins:
Pitfalls to Growth**

- 1) Working without a clear mission.
- 2) Underestimating the core business.
- 3) Depending on a single product line.
- 4) Failing to spot technology and market changes.
- 5) Changing strategy without changing culture.
- 6) Going outside core competencies.
- 7) Counting on acquisitions for growth.

Bill George

Complete the graph below by comparing current measures with last year's measures:



Now, look at your “health chart” above and identify strategies and tactics that you can apply to improve your company’s health or department’s health.

If you listen carefully, you will hear the clarion call to lead in a different way than many in my generation have:

To be motivated by your mission, not your money.

To tap into your values, not your ego.

To connect with others through your heart, not your persona.

To live your life with such discipline that you would be proud to read about your behavior on the front page of the New York Times.

Bill George

You'll learn more about a road by traveling it than by consulting all the maps in the world.

Hannibal

Final Activity: Action Planning

Imagine that your leadership development begins today. Picture yourself six months from now. You're reflecting with a sense of pride and satisfaction on what you've accomplished since the broadcast. As you look back, what one thing brings you the most pride?

Back to the present. With the above goal set for six months from now, what intermediary steps do you need to take to reach that goal?

- What do you need to do within three months?

- What do you need to do by the end of this month?

- What do you need to do by the end of this week?

- What do you need to do tomorrow?

Materials Written By or About Bill George

The following materials are written by or about Bill George and are listed in order of publication date:

Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value. Jossey-Bass (August 6, 2004). ISBN: 0787975281

Making Meaning AND Money, Next Generation Consulting, Nov 11, 2003.

http://www.nextgenerationconsulting.com/knowledge_cafe/articles/read/?ArticleID=167

For Those Who Love Ideas, Fast Company, Oct 2003

<http://www.fastcompany.com/magazine/75/edlet.html>

A CEO Whose Life Is an Open Book, BusinessWeek Online, Aug 22, 2003.

http://www.businessweek.com/bwdaily/dnflash/aug2003/nf20030822_2199_db013.htm

You may also benefit from listening to Bill George on Minnesota Public Radio speaking on ethics. Visit http://news.minnesota.publicradio.org/features/200207/01_haega_ethics/.

You may wish to visit the website for Authentic Leadership at <http://www.authenticleaders.org> for more information about Mr. George and the book, *Authentic Leadership*.

You may wish to visit Medtronic's website (<http://www.medtronic.com/>) for more information on:

- Medtronic's mission (<http://www.medtronic.com/corporate/mission.html>)
- Code of conduct (<http://www.medtronic.com/corporate/codeofconduct.html>)
- Business conduct standards (<http://www.medtronic.com/corporate/bcs.html>)
- History (<http://www.medtronic.com/corporate/history.html>)

SECTION 2

PRESENTATION OVERHEADS AND FORMS

Presentation Overheads

Mr. George has graciously provided overheads he uses in his presentations. You may wish to use these overheads to recall salient points from the presentation. These overheads are copyrighted to Mr. George and are not to be used, reproduced, or distributed with written permission from Mr. George.

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Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value

Bill George
Former Chairman & CEO, Medtronic
& Professor, Harvard Business School

Linkage Seminar

March 8, 2005

Outline

- **Authentic Leadership**
- **How Authentic Leaders Create Lasting Value**
- **Case Studies of Sustained Success**
- **Takeaways**

What Happened to the 1990s Boom?

- In the late 1990s many executives forgot that sustainable growth and performance drive shareholder value
- They focused instead on short-term actions to get their stock prices up

The result?

**Growth and performance declined
and shareholder value collapsed!**

Corporate Leadership

- Focused on short-term maximization of shareholder value
- Sought mega rewards for short-term performance
- Abandoned employee and customer focus to emphasize the numbers
- Was willing to bend accounting rules, ethics and laws to produce the numbers
- Failed to recognize vital role of corporate governance, stewardship, building for the future

Leadership Is Not About:

- Style
- Image and Charisma
- Emulating Great Leaders
- Conforming to Organizational Norms
- Something You're Born With

Types of Organization Leaders

- Transactional Leaders
 - Focus on today: making the numbers, making deals, and short-term performance
 - = *Unsustainable performance*
- Transformational Leaders
 - Focus on building for the future: vision, strategy, investments, organization building
 - = *Sustainable performance!*

A New Leader for 21st Century

- From 1950-1975 business was characterized by William Whyte's "Organization Man"
- Michael Maccoby's "Gamesman" dominated business from 1975-2000.
- To lead in the 21st century, a new kind of leader is needed:
 - Servant leader (Greenleaf)
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 - Authentic Leader (George)

7

Wanted: A New Generation of Authentic Leaders

8

Dimensions of Authentic Leadership

- Understanding Your Purpose
- Practicing Solid Values
- Leading with Heart
- Establishing Connected Relationships
- Self-Discipline in Getting Results

= Being *Authentic*

9

How Authentic Leaders Build Authentic Organizations

. . . that Sustain Performance and Create Lasting Value

10

Dimensions of Authentic Organizations

Leader Dimension

Organization Dimension

- | | | |
|-------------------|-------|---|
| ■ Purpose | ————→ | Mission and vision |
| ■ Values | ————→ | Company values |
| ■ Heart | ————→ | Empowering employees to serve customers |
| ■ Relationships | ————→ | Enduring organization |
| ■ Self-Discipline | ————→ | Results for all stakeholders |

11

The Purpose of Your Business

Maximizing Shareholder Value
- or -
Serving Customers?



Mission-Driven Organization

The Mission Is the Bedrock
on Which to Build:

- Vision
- Goals
- Strategy
- Tactics
- Customer Service

13



14

Whom Do We Serve?

Today's Organization Leaders Must Serve
All Their Constituencies – Simultaneously

- Customers
- Employees
- Investors
- Communities
- Regulators and Government Organizations

It's Not a Question of Trade-offs!

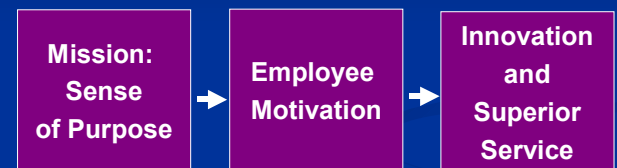
15

Johnson & Johnson Credo

- We believe that our first responsibility is to the *doctors, nurses, hospitals, mothers and all others who use our products.*
 - Our products must always be *the highest quality.*
- Our second responsibility is to *those who work with us* – the people in our plants and offices.
- Our third responsibility is to *management.*
- Our fourth responsibility is to the *communities* in which we live.
- Our fifth and last responsibility is to our *stockholders.*

16

The Mission Driven Organization



What Motivates Employees?

- Financial Results?
- Personal Wealth?
- Living with Fear?

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- Serving Customers?
- Finding Satisfaction and Meaning in Work?

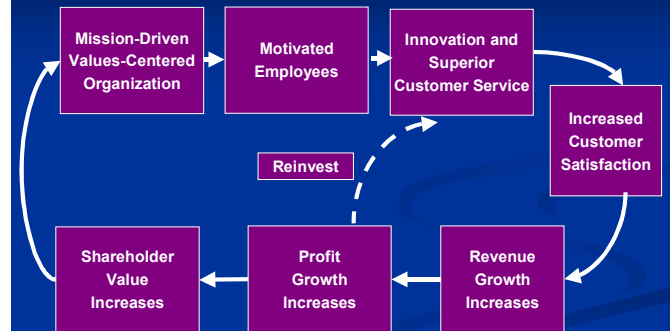
18

What Motivates Employees: Results from Poll of 90 CEO and COOs from Retail Industry

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19

Sustaining Growth and Performance



20

Creating Sustainable Performance

Why do some companies sustain peak performance for decades, while others become mediocre performers?

- | | | |
|----------------|-----|-------------------|
| ■ Target | vs. | K-Mart |
| ■ Toyota | vs. | General Motors |
| ■ Wells Fargo | vs. | U.S. Bancorp |
| ■ Four Seasons | vs. | Hilton Hotels |
| ■ Southwest | vs. | American Airlines |
| ■ Starbucks | vs. | Burger King |
| ■ UPS | vs. | US Postal Service |

21

[illegible]

Some Ideas from High Performing Companies

- Target: Creating upscale image with great values for consumers and superior execution
- Toyota: Flanking GM with high- and low-end entries, with rigorous quality standards
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- Four Seasons: *Every* manager's and employee's job is to please customers

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Everyone starts as a delivery person, and everyone rides with them

23

Creating Sustainable Performance

Winners are led by authentic leaders who:

- Passionately pursue their missions and values
- Develop transformational strategies that create ongoing competitive advantage
- Sustain high growth rates for decades
- Adapt quickly to change by constantly reinventing their companies
- Achieve superior execution by empowering employees to perform

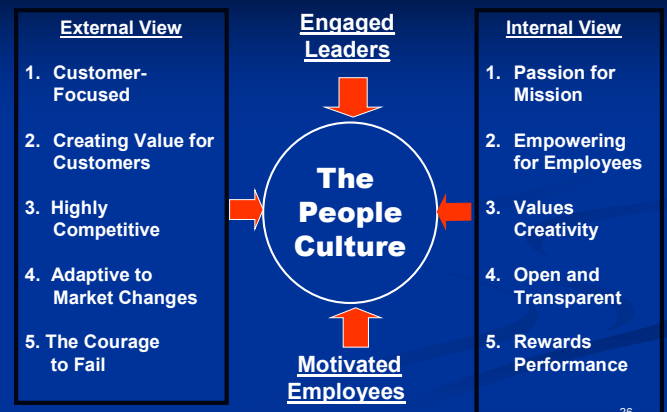
24

How Authentic Leaders Achieve Performance through People

- Gaining alignment with mission
- Building the executive team
- Recruiting top talent – and using it!
- Career development
- Measuring and rewarding performance
- Taking risks and rewarding mavericks
- Succession and moving on

25

Performance through People



26

Case Studies of Sustained Success: Performance through People

27

Target vs. K-Mart

K-Mart

- Dominated 1980s retail
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Medtronic Culture: Circa 1989

- Holiday Party with patients
- Mission & Medallion ceremonies
- "Soft Under-belly"
- No commitment to performance
- Lack of discipline to execute
- Limited general management
- Internal battles between sales and engineering

32

Medtronic Mission

- To contribute to human welfare by application of biomedical engineering to alleviate pain, restore health, and extend life.
- To direct our growth in the areas of biomedical engineering where we display maximum strength and ability; to avoid participating where we cannot make unique and worthy contributions.
- To strive without reserve for the greatest possible reliability and quality; to be the unsurpassed standard of comparison; and to be recognized as a company of dedication, honesty, integrity and service.
- To make a fair profit on current operations to meet obligations, sustain growth, and reach goals.
- To recognize the personal worth of employees by providing personal satisfaction in work, security, advancement opportunity and sharing in company's success.
- To maintain good citizenship.

33

[illegible]

Making Mission Come Alive



- + Mission and Medallion Ceremony
- + Annual Holiday Party
- + Maximize Value to Patients
- + Customer-focused Quality Days



Medtronic Strategy for Sustainable Growth

- Transform and lead medical technology industry
 - R&D and innovation become industry drivers
 - Price to value, not to cost
- Leading market shares in each market
- Invest heavily in R&D and customer support
- Drive organic growth with innovations
- Use acquisitions to enter new markets
- Expand globally into developing markets

35

“The Innovation Machine”

- R&D and innovation as competitive advantage
 - 10% of every sales dollar into R&D
- Transform product development
 - Reduce cycle times: 48 months to 16 months
 - Innovation not on critical path
 - 5 generations of new products in development
 - 70% revenues from products intro'd in 24 mo.
- Separate innovation from product development
- Use patents and license fees to fund ventures

36

Medtronic's Innovation Strategy to Sustain Growth

New	<u>Renewing</u> Heart Failure	<u>Reinventing</u> Patient Management
<u>Markets</u>		
Existing	<u>Revitalizing</u> Pacemakers/ Defibrillators	<u>Replacing</u> Beating Heart Surgery
	Existing	New
	<u>Technology/Offerings</u>	

37

“Reinventing Medtronic”

The graph illustrates Medtronic's growth and strategic focus over time. The Y-axis represents revenue in millions of dollars, and the X-axis shows five distinct periods. The company's revenue grows exponentially, starting from a low point in 1949 and reaching a high point by 2010. Key milestones and strategic shifts are marked along the growth curve:

- 1949 - 1989:** “The Pacemaker Company”
- 1989 - 1994:** Cardiovascular Diversification
- 1994 - 1999:** World's Leading Medical Technology Company
- 1999 - 2004:** Innovations for Unmet Medical Needs
- 2004 - 2010:** Lifelong Solutions for Chronic Disease

38

Medtronic Financial Results (1985-2004)

	<u>1985</u>	<u>2004</u>	<u>CAGR</u>
Revenues	\$ 400M	\$ 9,100M	18%
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39

Takeaways: Sustainable Growth and Performance

- Sustainable performance requires highly motivated employees
- Employees are motivated by serving customers, not by maximizing shareholder value
- Leaders must personally involved with customers and employees
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Bottom Line = *Your* Leadership

The Bottom Line: What Leading An Organization Is All About

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Developing as an Authentic Leader

- Understanding Your Motivated Abilities
- Principles, Values and Ethical Standards
- Personal Disciplines and Managing Stress
- Introspection and Reflection
- Leadership Style and Power
- Building Relationships
- Finding Balance in your Life
- Leadership Purpose and Legacy

Being an Authentic Leader

- Pursue your mission and practice your values
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- Be engaged in the business, building relationships throughout the organization
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43

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51

Dimensions of Authentic Leadership

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52

How Authentic Leaders Build Authentic Organizations

**... that Sustain Performance
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53

Dimensions of Authentic Organizations

<u>Leader Dimension</u>	<u>Organization Dimension</u>
■ Purpose	→ Mission and vision
■ Values	→ Company values
■ Heart	→ Empowering employees to serve customers
■ Relationships	→ Enduring organization
■ Self-Discipline	→ Results for all stakeholders

54

The Purpose of Your Business

**Maximizing
Shareholder Value
- or -
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Mission-Driven Organization

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on Which to Build:

- Vision
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56



57

Whom Do We Serve?

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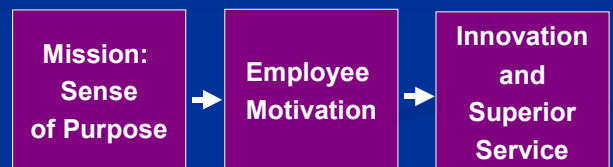
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59

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60

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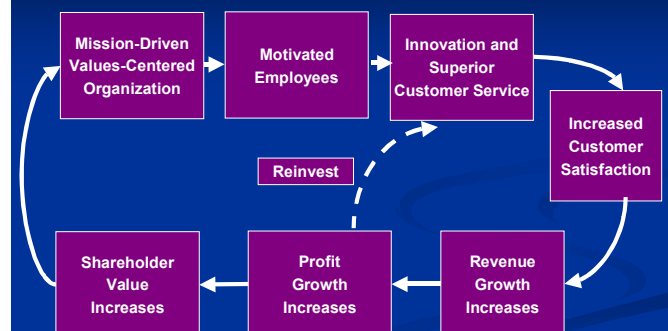
61

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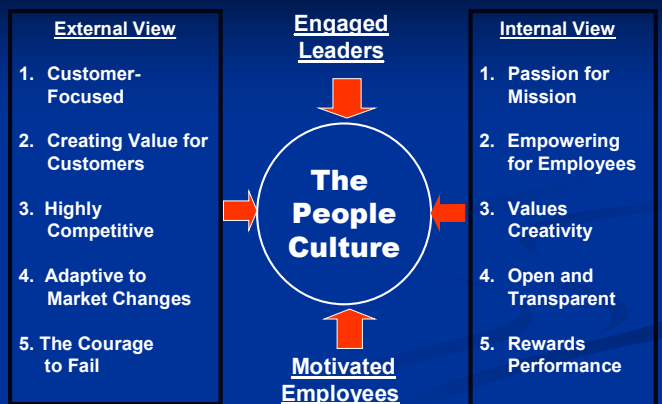
67

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68

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69

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- To contribute to human welfare by application of biomedical engineering to alleviate pain, restore health, and extend life.
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Contributing to human welfare by the application of biomedical engineering to electrophysiology, neurophysiology, and cardiovascular medicine.

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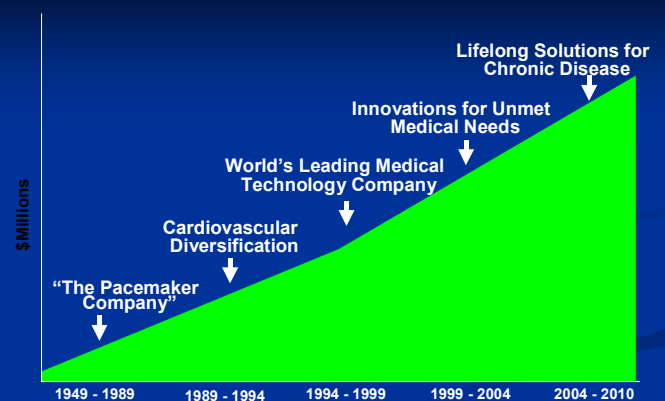
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6

Question Sheet

Use this form to write your questions for Bill George for discussion. Please write legibly.

Name (optional):

Organization:

Location:

Your question (25 words or fewer):

Fax 1.877.892.0170 (from within U.S.)

Fax 646.349.3661 (from outside U.S.)

Email: *leadership2005@linkage-inc.com*

Tel 1.800.218.0530 (from within U.S.)

Tel 303.262.2131 (from outside U.S.)

LINKAGE EXCELLENCE IN MANAGEMENT & LEADERSHIP SERIES

Evaluation Form

Authentic Leadership Featuring Bill George, former CEO, Medtronic, Inc.

PLEASE RETURN THIS FORM TO YOUR SITE COORDINATOR OR FAX TO 781.402.5556.

NAME _____ TITLE _____

ORGANIZATION _____

Please indicate functional area (only circle one):

Finance Human Resources/Organizational Development Manufacturing/Operations Marketing R&D Sales

Other (specify) _____

How many people do you have reporting to you (include all levels)? Number: _____

Please indicate your job level (only circle one):

☐ President or Officer ☐ Vice President ☐ Director ☐ Manager/Supervisor ☐ Individual Contributor

1) Please indicate a rating for each of the statements below by checking the appropriate box.

	Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
The length of the presentation was ideal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
As a result of participating in this program, I will be more effective in my role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The participant materials were useful	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The Q&A session was valuable	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2) Please give a general overall comment about the program.

3) Any suggestions on what we can do to improve?

4) May we use any of these comments for promotional purposes (including name and organization)? Y N

5) On a scale of 1-10 (10 = Outstanding), how would you rate this session? Rating: _____

6) Which speakers are you most interested in seeing at the next Linkage Excellence in Leadership & Management Series? (Please rate your top five, "1" being most interested.)

___ James Champy	___ Edgar Shein	___ Margaret Wheatley
___ Deborah Tannen	___ Maya Angelou	___ Robert Kaplan
___ Steve Jobs	___ Francis Hesselbein	___ Chris Argyris
___ Philip Knight	___ John Scully	Other _____

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